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## BLOUNT COUNTY GOVERNMENT

DAVID R. BENNETT, CPA, CGFM  
DIRECTOR OF ACCOUNTS AND BUDGETS  
ASSISTANT COUNTY EXECUTIVE



June 5, 2009

### VIA E-MAIL

Comments on Draft Guidelines  
c/o Division of Local Finance  
1700 James K. Polk State Office building  
505 Dederick Street  
Nashville, TN 37243-1402

RE: Comments on Draft Guidelines

Dear Comptroller Wilson:

First, I want to thank you for allowing input from those of us in the field fighting everyday for our citizens. I feel very strongly that the most important thing the State can do when regulating is to allow local governments as much flexibility as possible. It is imperative for us to be lean and mean when it comes to regulations, especially in this economic climate. We are facing unprecedented economic times, and the struggles our citizens face everyday are foremost on our minds. The more tools we have at our disposal, the harder we can fight for our citizens to keep as much as possible for their families.

In addition, I feel that openness, transparency, and accountability are the most important traits a public entity can possess. Anything that can be done to ensure those three traits is a positive move. In fact, in Blount County, we pride ourselves on our openness. I invite you to visit our website at [www.blounttn.org](http://www.blounttn.org) to see the access our citizens have to our records.

With that said, I feel the most important factor in guidelines regarding interest rate agreements is that each governmental entity have trained staff that is available for daily monitoring of their debt position. It is my belief that this is the single most important requirement for entering into any transaction, be it debt related, revenue related, or any other financial transaction that a governmental entity enters into. So long as this expertise exists, I feel there is no need for the extensive change in guidelines which limit amounts, what committee's must be in place, or what structure our debt has. Also, I would request that the Comptroller's office exempt from the guidelines any modifications to existing interest rate agreements that do not materially change those agreements. Specifically, I would like you to consider allowing changes to the

counterparty to simply be an item you are made aware of and not require extensive approvals, again, so long as the agreement is materially the same. In addition, I have included a few specifics below which would reduce the tools we have available to us.

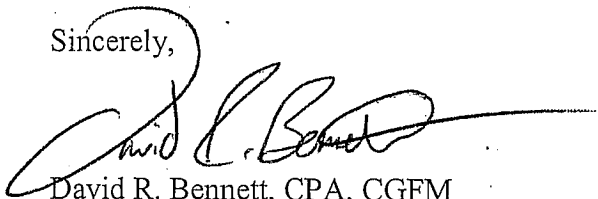
**Section III D. 1. Qualifying Debt Structure subsection a.** While I don't disagree that a county should not "back load" debt, I believe this section is too stringent. Local governments should be allowed the flexibility to review each debt issue individually and make decisions on its amortization based on market conditions, available resources, etc.

**Section III D. 4.** I do not believe that having an audit committee must be a requirement for entering into interest rate agreements. While I do not disagree that having an audit committee is a good business tool, the absence of an audit committee should not preclude a local government from entering into interest rate agreements.

**Section IV A.** I would respectfully disagree with the setting of a minimum size of issuance to be considered for an interest rate agreement. It is my opinion that local governments should have the flexibility to determine the principal amount in which it would be willing to participate in an interest rate agreement. In addition, the requirements for a monitor add unnecessary costs. I believe it is more important to have trained staff to assist the governmental entity in any interest rate agreements. Adding these costs to our debt structures places a burden on the taxpayers that is not necessary if the governmental entity has the expertise on staff. In addition, setting requirements that an interest rate agreement be no longer than five (5) years also places local governments in a position where they may not be able to negotiate the best rates possible.

Again, I want to thank you for allowing input from the public. I look forward to meeting you on June 15<sup>th</sup> and also look forward to working with you for many years to come. I appreciate your willingness to serve the public and assure you that I am here to help when needed.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Bennett", with a long horizontal flourish extending to the right.

David R. Bennett, CPA, CGFM  
Blount County Government  
Director of Accounts & Budgets/Asst. County Mayor

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